Proposal to Strengthen Environmental Sustainability in the UNDP Programme and Operations Policies and Procedures (POPP)

Background Document

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Summary:

This background document describes the proposal to update UNDP's prescriptive policy and procedures with the following programme and project management elements:

- 1. A brief overarching policy statement making environmental sustainability, including climate change, a cross-cutting issue for all UNDP programmes and projects.
- 2. A complementary environmental screening procedure to determine whether a project should be subject to further environmental assessment.

The proposal aims to: 1) bring UNDP up to par with international standard practice; 2) ensure consistency with UNDG policy and guidance on environmental mainstreaming, and 3) further strengthen the quality assurance process for UNDP programming to achieve development results.

1 Introduction

Within the broader UN system, environmental sustainability is one of the five crosscutting principles¹ to be applied in all country-level programming and interventions of UN Country Teams (i.e. through the UNDAF/CCA). Additionally, mainstreaming environmental sustainability and climate change in national development planning and implementation is central to the UNDP poverty reduction and MDG mission and identified as a key result area of <u>UNDP's Strategic Plan</u> (2008-2013). Yet while UNDP supports environment and climate change mainstreaming into national development planning, the Strategic Plan does not clearly articulate environmental sustainability as a cross-cutting issue that needs to be mainstreamed across all practice areas. Likewise, environmental sustainability is not adequately reflected in UNDP's Programming and Operations Policies and Procedures (POPP) to ensure all UNDP programmes and projects are environmentally sustainable and climate resilient.

As a result, environmental sustainability is often seen only as a "focus area" that is primarily the responsibility of the Environment and Energy Group (EEG), and not also considered a corporate mandate that all of UNDP is accountable for. This was recognized in the 2008 evaluation of "The Role and Contribution of UNDP in Environment and Energy" which recommends that UNDP "identify and implement institutional arrangements and incentives to promote the mainstreaming of environment throughout all major practice areas".² While much progress has been made since 2008 towards a more integrated cross-practice approach to service delivery for climate change mainstreaming in particular, the lack of environmental safeguard policies and procedures for UNDP programmes and projects remains an issue. This has been noted by external evaluations and audits³ and the donor community⁴ and remains a liability for the organization.

To address this gap and respond to recommendations from evaluations, a UNDP Task Team, led by the Environment and Energy Group (EEG) and composed of representatives from EEG, the Capacity Development Group (CDG) and the Operations Support Group (OSG), was formed in 2008. This Task Team, through a consultative process, worked on the development of a proposal to update the **Programme and Project Management section of the POPP**. The proposal aims to: 1) bring UNDP up to par with international standard practice; 2) ensure consistency with UNDG policy and guidance on environmental mainstreaming, and 3) further strengthen the quality

¹ The <u>UNDAF Guidelines</u> (January 2010) identify the following 5 cross-cutting programming principles: <u>Normative Principles</u> = 1) Human Rights Based Approach, 2) Gender Equality, 3) Environmental Sustainability, and <u>Enabling Principles</u> = 4) Capacity Development, and 5) Results Based Management.

² UNDP. Evaluation of the Role and Contribution of UNDP in Environment and Energy. August 2008. UNDP Evaluation Office.

³ i.e. JIU Review of Environmental Governance within the UN System, 2008; Review of Compliance of the GEF Agencies on the Implementation of Minimum Fiduciary Standards, 2009.

⁴ For example, MFI Environmental Working Group has noted UNDP's lack of environmental assessment procedures and frequently requests updates on the status of progress to address this issue. In several cases, the lack of environmental assessment procedures has constituted an obstacle for getting external funding from partners (i.e. current case of CIDA funding for a UNDP project to build court houses in the West Bank).

assurance process for UNDP programming to achieve development results. The proposal includes the following main elements which are further summarized in this briefing note:

- A brief overarching **policy** statement making environmental sustainability, including climate change resilience, a cross-cutting issue for all UNDP programmes and projects and;
- A complementary environmental screening **procedure** to determine whether a project requires further environmental assessment.

2 Context and Related Initiatives

This proposal represents just one piece of what is needed to ensure that mainstreaming environmental sustainability, including climate change, in development becomes a cross-cutting issue that all of UNDP, not only EEG, takes on-board. The current proposal specifically focuses on ensuring that the environmental sustainability and climate change resiliency of UNDP <u>programming</u> is taken into consideration and that there is accountability associated with this. However, the proposal only represents a first step. For example, UNDP currently does not have guidance for how to mainstream environmental sustainability and climate change in the UNDP Programme Cycle. This has been identified as a gap throughout the consultations and will be addressed in a later stage. Table 1 shows how the proposal fits within current programme and project management policies and procedures and the gaps it aims to address as well as gaps that will be addressed through subsequent initiatives.

		<u>UN</u> Common Country		I Project Management Policies & edures (POPP)
		Programming	Programme Management	Project Management
POLICIES prescriptive)	Existing and Gaps	Environmental sustainability is a cross-cutting theme for all UN country programming (UNDG UNDAF/CCA Guidelines).	"Environment and Sustainable Development" included as a "development focus area" but <i>not included as a cross-cutting principle for both programmes and projects.</i>	
POI	Proposed/ Planned		environmental sustainabi	g policy statement making lity, including climate change g issue for all UNDP programmes
	Existing and Gaps		adverse environmental a	ard procedures in place to ensure nd climate change impacts and mized, where possible, and

Table 1: Existing and Proposed Environmental Sustainability and Climate Change Elements in UNDP Programming Policies and Procedures

	Proposed/ Planned			PROPOSAL: Environmental (including climate change) screening procedure to determine if further environmental assessment is required.
GUIDANCE (descriptive)	Existing and Gaps	UNDG guidance notes on mainstreaming enviro. sustainability and climate change in UNDAF/CCA.	 -POPP Resource Center with related guidance, including guidance for environmental sustainability and climate change. -Quality Programming Checklist which includes questions related to environment and climate change. 	
	Proposed/ Planned		Checklist will both be sign EEG will work with OSG	PROPOSAL: Guidance notes for environmental screening (including a screening template) and environmental assessment. These guidance notes will include links to more detailed thematic guidance (i.e. climate change risk assessment) when more in-depth assessment is required. Inter and Quality Programming nificantly revised and updated. and CDG at that time to ensure lity and climate change guidance trengthened.

Moreover, there are other related initiatives which are not directly linked to the Programme and Project Management section of the POPP but also contribute to environmental mainstreaming in development. Collaboration and discussions between those involved in these initiatives are underway to avoid duplication and identify synergies. For a better understanding, the following bullets briefly outline the main differences and linkages between this proposal and other related UN/UNDP related initiatives:

- <u>UN Environmental and Social Safeguards:</u> The Environment Management Group (EMG) is now organizing a consultation process and preparing a report on options for the development of a possible *UN system-wide approach to environmental and social safeguards*. The proposal described in this note would therefore be just one element of a broader safeguard approach, if adopted.
- <u>UNDP Programme- and Project-Specific Environmental Safeguards</u>: Because UNDP currently does not have environmental safeguard policies and procedures in place, several programme and project-specific safeguards (environmental and social) are being developed on an ad hoc basis (i.e. UN-REDD, MDG Carbon Facility, country-level projects) to meet donor requirements and stakeholder demands. Therefore, this proposal aims to put in place an institutional approach to prevent the proliferation of multiple environmental safeguard systems and

approaches. However, programmes and projects that already have safeguard measures in place would continue to utilize those.

- <u>"Greening UNDP"</u>: While the "Greening UNDP" initiative aims at "greening" UNDP facilities, travel and procurement⁵, *i.e. "operations,"* the proposal outlined in this note focuses on improving the environmental sustainability of UNDP's programmes and projects, *i.e. "programming."*
- <u>Service Delivery for Environmental Mainstreaming at the National Level</u>: UNDP offers various services to country partners to support their efforts to integrate environment, energy and climate change issues into national development planning and implementation. In this regard, EEG is leading the development of a UNDP environmental mainstreaming framework which intends to strengthen institutional coherence and *service delivery for the achievement of mainstreaming results at the national level*. Among other things, the draft framework identifies various entry points for mainstreaming, including the UN/UNDP programming cycle (summarized in Annex A).

3 **Proposed Environmental Sustainability Policy Statement**

This section introduces the first element of the current proposal which is a policy statement that would apply to all of UNDP programming (both programmes and projects) across all Practices and Bureaus.

3.1 Rationale

The five programming principles (including Environmental Sustainability) identified in the UNDAF Guidance emerged from inter-agency discussions in 2006 and it is now widely agreed that all five are necessary for effective UN-supported country-programming. These principles are characterized by the fact that they are:

- 1. Universal, applying equally to all people in all countries;
- 2. Based in law, internationally agreed development goals and treaties, and national laws and commitments, and
- 3. Relevant to government-UN cooperation everywhere and always.

As the UNDAF Guidance explains, this sets "principles" apart from "priorities and goals" which are influenced heavily by contextual factors (e.g. hunger)⁶.

However, despite this consensus, UNDP does not include environmental sustainability as a cross-cutting programming principle. While the POPP does state that "*all UNDP projects must be environmentally sustainable*" there are no procedural requirements built into the project cycle to ensure accountability and there is no equivalent statement at the programme-level. Currently the "Relevant Policies" included in the Programme

⁵ Summarized in the project brief, "Greening UNDP: Towards a Climate Neutral and Environmentally Sustainable Organization", 2010.

⁶ Refer to the UNDAF Guidance (January 2010) for further elaboration.

and Project Management section of the POPP are derived directly from the Strategic Plan and include "Environment and Sustainable Development" only as a "development focus area" (i.e. an "area in which UNDP works"). While it is certainly true that environment and sustainable development is a key focus area in which UNDP works, this categorization does not sufficiently recognize the cross-cutting nature of environmental sustainability and climate change. Without such a policy statement, it becomes difficult to rationalize the introduction of accountability mechanisms and procedures to ensure environment and climate change are systematically taken into consideration across UNDP's programmes and projects (not only within EEG). This proposal intends to address this gap.

3.2 **Proposed Statement**

The proposed policy statement aims to ensure that environmental sustainability is a cross-cutting issue that is taken into account more systematically throughout the programme and project management cycles and provides the basis for the elaboration of related procedural elements, accountability mechanisms, and guidance. The brief statement is consistent with the level of detail in the other overarching policy statements in the POPP and is proposed as follows:

"Environmental sustainability, including climate change resiliency, is fundamental to the achievement of development outcomes including the MDGs and must be systematically mainstreamed into UNDP's Programme and Project Management cycles. Opportunities to strengthen the environmental sustainability and climate resiliency of programming need to be identified and realized. Potential adverse impacts and risks need to be avoided or minimized, where possible, and mitigated if not."

This brief statement would be included in the Programme and Project Management section of the POPP among other cross-cutting policy statements which are derived directly from the Strategic Plan and are related to:

- National ownership;
- Holistic, cross-sector approach to human development;
- Inclusive and sustainable growth;
- Development of national capacities;
- Integration of gender equality and women's empowerment;
- · Mainstream South-South approaches;
- Aid effectiveness principles;
- Accountability;
- Results-Based Management;
- Enterprise Risk Management;
- Security Risk Management.

3.3 Anticipated Results

The adoption of the proposed policy statement will require that environment and climate change issues become a consideration across all of UNDP's work. This aims to strengthen the quality of UNDP's programming and the achievement of development results. It will also further facilitate cross-practice collaboration within UNDP and coherence with broader UNCT programming processes. The proposed policy lays the groundwork for a shift in "business as usual" but is not sufficient in itself to create this change. As described in Section 2, several related efforts have already been identified which would help to further operationalise the policy statement.

4 **Proposed Environmental Screening and Assessment Procedure**

As a first step towards operationalising the proposed overarching policy statement, the second element of the current proposal introduces an environmental screening procedure and environmental assessment process (when needed) that applies to UNDP **projects**. This section outlines this proposed procedure and the anticipated implementation implications.

4.1 Rationale

Environmental assessment (EA) is planning process to evaluate the environmental and related social impacts of a proposed policy, plan, programme or project to ensure these considerations are factored into decision-making, design and execution. Environmental impacts include the physical, biological and social interactions surrounding a specific activity, such as a project, and thus EA addresses both impacts *from* (e.g. pollution) and *to* (e.g. climate change) a proposed activity. An EA identifies ways for preventing, minimizing, mitigating, or compensating for adverse consequences and for enhancing positive ones. EA is known to be a cost-effective means of addressing environmental impacts (i.e. applying principles of good planning as opposed to a more costly approach of addressing impacts and risks during implementation).

EA is well-established practice at the international level. In fact, EA is legally mandated by many, if not most, jurisdictions and required by nearly all Multi-lateral Financial Institutions and bilateral donors. Its role has been recognized by the Paris Declaration on Aid Effectiveness, where both donors and partners made a commitment to promote a harmonized approach to environmental assessments. It therefore represents a standard safeguard approach to ensure projects and activities are environmentally sustainable.

UNDP's lack of procedures related to environmental screening and assessment is an issue that is increasingly being questioned by donors and various other stakeholders. Therefore, this gap needs to be addressed in order to maintain UNDP's reputation as a leader in environment and climate change. However, it should be noted that EA is already implemented for UNDP projects when required by national partners and donors. Therefore, the proposed environmental screening guidance is flexible in that it allows for

the application of environmental screening tools and templates utilized by partners in place of UNDP's template when appropriate. This allows UNDP to demonstrate to stakeholders that we have appropriate environmental safeguard measures in place but ensures that our internal tools will not substitute or duplicate existing tools suggested by partners.

The proposal also supports harmonization across the UN system. the UNDG Task Team on Environmental Sustainability and Climate Change has developed a <u>Guidance</u> <u>Note on Mainstreaming Environmental Sustainability in Country Analysis and the</u> <u>UNDAF</u>. The guidance includes tools for environmental screening and assessment of agency programmes and projects, which were adapted from UNDP's proposed procedure described in this note. Yet UNDP has yet to adopt and implement the procedure.

4.2 Environmental Screening Procedure

The proposed environmental screening procedure will identify whether a proposed project is likely to result in significant adverse environmental impacts, and/or whether environmental conditions are likely to have significant adverse impacts on the project (e.g. climate change risks). Such projects will require an EA prior to project approval to ensure, *inter alia*, that environmental impacts and risks are avoided or properly mitigated and managed (refer to Annex B for a diagram of the screening process). In the case of "Fast Track" projects, the "<u>Strategy for Fast-Tracking UNDP's Crisis Response</u>" will be followed, ensuring compliance with the overarching environmental sustainability policy.

The proposed procedure is supplemented by a brief guidance note on environment screening which includes an "Environmental Screening Template" to be completed by the Project Developer. The template provides a checklist to identify activities that typically pose adverse environmental impacts, including impacts related to biodiversity and sustainable natural resources management, climate change risks management, pollution prevention and abatement, and other potential adverse impacts. The completed template will then be submitted, along with the Project Document, to the PAC to ensure accountability.

While the screening will be documented at the PAC, the screening template also provides a useful tool to refer to at the earliest stages of project development. This should influence the design of the project at the earliest stages - not only ensure that it is environmentally "safe" and complies with environmental sustainability standards and regulations, but also to ensure that opportunities to further strengthen the environmental sustainability and climate resiliency of the project are identified. Such an approach strengthens the achievement of development results and the overall quality of UNDP programming.

The proposal also includes a separate guidance note on EA for those projects where it is required⁷. For UNDP projects, EA would typically take the form of an Environmental Impact Assessment (for discrete projects)⁸ or Strategic Environmental Assessment (for programmatic, thematic, sectoral, regional types of projects), and would vary in breadth, depth and type of analysis depending on the specificities of the proposal. The scoping process will identify the appropriate type and scope of environmental assessment.

4.3 Roles and Accountability

As a corporate procedure, implementation of environmental screening and assessment will be the responsibility of everyone within UNDP, not only EEG. Expected roles and responsibilities of the key actors to be involved are summarized below.

- **Resident Representative**⁹: accountable to the Administrator through the relevant Regional Bureau Director for ensuring the UNDP environmental screening procedure (proposed) has been fully complied with. Any divergence between the recommendations of the PAC and the decision of the Resident Representative should be recorded on file. There are some exceptions to this which include support to an infrastructure project where the final authorization responsibility lies with the Regional Bureau Director¹⁰.
- **Project Appraisal Committee (PAC) members:** participate in PAC meetings and ensure that an environmental screening has been conducted for a proposed project prior to the PAC and that an EA has been conducted when required.
- Project Developer: responsible for ensuring completion of the environmental screening and for determining whether an EA must be carried out for a proposed project. He/she will also be responsible for making sure that recommendations of the EA and the EMP, if required, are integrated into the Project Document and project implementation, and for signing off on the EA appraisal before the project documents goes to the PAC.
- CO Environmental Focal Point: support the Project Developer in different tasks related to the screening and to the EA as needed. For example, he/she may be involved in conducting, supporting or reviewing the environmental screening in cases where the Project Developer is uncertain of potential environmental impacts. He/she may also help develop TORs for EAs and conduct oversight and quality assurance when needed (e.g. appraise the EIA report and sign off appraisal before submittal to the PAC). When relevant, the environment focal point should also support the development and implementation of an

⁷ The two guidance notes have been proposed as separate stand-alone documents since it is assumed that the majority of projects will not require environmental assessment prior to project approval, so it is desirable to keep the screening guidance for all projects as simple and brief as possible.

⁸ EIA and SEA are two forms of EA which are complementary but differ according, inter alia, to their scope of application and to their methodologies and tools.

⁹ Or in the case of UNDP projects in countries with no country office (e.g. Cyprus), the Programme Manager(s)

¹⁰ Refer to the POPP for additional details.

environmental monitoring and mitigation strategy for the entire project life cycle, in cooperation with the Project Developer.

 EEG: Regional Environmental Focal Points and EEG Headquarters will provide technical back-stopping when appropriate and support the delivery of orientation sessions related to the environmental screening procedure and EA process. EEG will also provide advisory and overall knowledge sharing support and lead the development of training and orientation sessions.

4.4 Ground-Truthing and Roll Out

Even though the environmental screening guidance has been revised and enhanced as a result of a consultative processes (refer to Annex C), it is essential to apply it to real projects in order to learn from practice and ensure it responds to realities on the ground. Therefore, in order to prepare for the roll out, the screening procedure will first be "ground-truthed" by applying the "Environmental Screening Template" to 15-20 projects that will be selected in close collaboration with the Regional Bureaux (RBx) as well as conducting informal interviews with CO staff with EA experience. Projects selected for the ground-truthing will represent all regions and a variety of project types across practice areas. A short-term consultant will be hired by EEG to support the ground-truthing for 2-3 months in order to provide support, refine the procedure based on lessons learned, and develop an orientation session on the procedure to be utilized during roll out.

Once the ground-truthing phase has been completed, the environmental screening procedure will be incorporated into the POPP and rolled out across UNDP as a prescriptive requirement but the first year will be a mandatory testing phase (required for all new procedures). A consultant will be hired during that time to support communications, dissemination and outreach to Country Offices, documentation of lessons learned, capacity development, provision of technical and backstopping support, and revision of the guidance as needed. Moreover, a Teamworks community of practice will be established for colleagues to share experiences, questions or requests for assistance in implementing the new environmental procedures. The EEnet and MPN will also be utilized for knowledge sharing and exchange.

At the end of the first year of implementation, the procedures and their related guidance notes will be revised or further developed as needed, based on the lessons learned from their implementation. Also, an assessment of demand for longer-term support will be made. This will include an assessment of the need for:

- additional human and/or financial resources;
- an online training/certification program;
- additional tools to support the screening and the environmental assessment processes.

4.5 Anticipated Financial and Human Resources Implications

Considering the costs and risks associated with not having an environmental safeguard procedure in place, the financial and human resource implications are anticipated to be minimal but are difficult to estimate as it is uncertain how many projects are appraised annually by Country Offices, Regional Centers, and at Headquarters¹¹ and how many of these will require further EA. However, based on the nature of UNDP's portfolio (primarily capacity development and policy advisory work) we estimate only a small percentage of UNDP proposed projects will require further EA prior to project approval¹². Therefore, the screening procedure is intended to provide a due diligence process to ensure that in the rare cases where UNDP engages in activities that result in adverse environmental impacts (e.g. infrastructure projects and other physical interventions) the appropriate safeguards are in place. It will also help to build the overall capacity of the organization to mainstream environmental sustainability and climate resiliency considerations into our programming in a more proactive way.

EA is known to be a cost-effective means of addressing environmental impacts (i.e. applying principles of good planning as opposed to a more costly approach of addressing impacts and risks during implementation). As mentioned in the previous section, the implementation implications of the proposal will be carefully monitored during the first year of implementation and summarized in a needs assessment and a proposal for long-term support.

A preliminary estimate of the implementation implications of the screening procedure and of the EA process is presented in Table 2.

 ¹¹ The UNDP Bureau of Management reports that in 2008 UNDP had a total of 6,571 projects.
 ¹² As noted in the screening guidance, many UNDP projects are related to advisory support for upstream development policy and planning in which case EA should often be a part of project implementation and is a service that UNDP can provide. However, in such cases, an EA would not be required prior to UNDP engagement.

Table 2: Anticipated Implementation Implications of the Environmental Screening Procedure and EA Process

Elements of the proposal	Implementation implications
Environmental screening	 Majority of environmental screenings should take between 0.5-2 hours each. However, in cases where there is some uncertainty and additional information or review is needed prior to making a decision on whether or not an environmental assessment is justified, additional time for screening could take approximately 2 days.
	 As outlined previously, EAs per donor requirements or national legal obligations are most likely already being conducted for the majority of projects with potentially adverse environmental impacts. Percentage of new projects that would require an EA is difficult to determine. however, based on the nature of UNDP's portfolio (primarily capacity development and policy advisory work) we estimate that less than 10% of UNDP proposed projects will require one (will vary by country).
	 Time needed to conduct an EA will depend on type and scope of the project (from a few days to several months)
	• Typically, EIAs cost between 0.1-1.0% ¹³ of overall project costs. Support to pay for an EA will come from different sources and the following scenarios have been identified as the most likely:
EA and EMP (when required)	 Funded and Led by External Partner: EA is led and funded by an external partner (i.e. Implementing Partner and/or through co- financing). Based on feedback received during the consultation process for this proposal, it is assumed that this will be the most common scenario (a majority of UNDP projects are categorized as nationally implemented-NIMs). In these cases, the EA will be completed prior to finalization of the Project Document. The environmental management recommendations of the EA will then be integrated into the Project Document and budget.
	 Coordinated by UNDP and Project-Borne Funding: In certain cases, UNDP will need to advance funds to cover the costs of the EA. Budget to cover the EA can be requested as part of "Initiation Plan" funding during an initial or pre-PAC. However, upon completion of the EA, a second PAC will need to be held to appraise the revised Project Document (revised based on outcomes of the EA).
	 Cost-Sharing: In cases where an environmental assessment could cover several related projects, its costs could be shared across various projects either as part of the IP or part of the project budget. In such cases, UNDP's role in conducting the EA (i.e. oversight and quality assurance) would vary.

In addition to the above, there will also be human and financial implications related to on-going capacity development, oversight and support. In fact, probably the most common comment received throughout the consultation process was that capacity

¹³ Estimate is based on international experience in EIA and consultation with Country Offices.

development and orientation programmes were imperative to ensure the success of the proposal. As described in Section 4.4, the ground-truthing and roll out will be supported by consultancies which are anticipated to cost between \$80,000 and \$100,000 (to be funded by BDP/EEG and BOM). A major focus of this consultancy will be to develop and implement an orientation programme and training sessions. At the end of the first year of implementation, the longer-term financial and human resource needs assessment could potentially include recommendations for permanent staff to support implementation, the development of an online certification course or other capacity development measures, or the establishment of a funding mechanism to support EAs when needed. A proposal and cost estimates for this long-term support will be elaborated after the first year of implementation and will be presented to the OG.

Annexes

- A. Environmental Mainstreaming Entry Points
- B. Diagram of Environmental Screening Process
- C. Development of the Proposal Approach and Consultation Process
- D. Proposed guidance and tool for the implementation of the environmental screening procedure for UNDP projects
- E. Proposed guidance note on the implementation of environmental assessment for UNDP projects